

September 28, 2004

Internal Revenue Service
ATTN: SE:OPR (Joint Board Regulations)
1111 Constitution Avenue, NW
Washington, DC 20044

(By e-mail to <http://www.irs.gov/regs>)

Dear Joint Board:

Mellon's Human Resources and Investor Solutions ("Mellon") is pleased to submit these comments on possible revisions to the regulations from the Joint Board for the Enrollment of Actuaries ("Joint Board") governing the qualification standards and continuing education requirements for enrolled actuaries (EAs).

Mellon is a leading global employee benefits and human resources consulting firm that provides consulting, actuarial and administrative assistance to many employers who sponsor defined benefit pension plans. Mellon currently employs approximately 300 EAs in active status and has continuously been a qualified sponsor for EA continuing professional education (CPE) programs since 1989.

General

No compelling evidence has emerged in the conduct of our business that indicates the need for drastic revisions to the current procedures and conditions for enrollment and renewal of enrollment. We do, however, recommend the following changes to the current regulations. The item numbers noted below refer to the number of the subject area specified in the solicitation for comments in the June 30, 2004 Federal Register.

Specific Comments

Item 1:

- We encourage the Joint Board to enable renewal of enrollment via an on-line procedure. This would serve to avoid problems that might occur in connection with postal mail and would generally expedite the process.
- We encourage the Joint Board to establish an on-line process for EAs to respond to an audit of their CPE credits. This would allow those EAs subject to audit to access at least some of the relevant documents and submit them electronically, eliminating the need for some or all hard copy material.
- Currently, for a particular enrollment period beginning on April 1, CPE credits must be earned by the preceding December 31 and an application for renewal must be filed no later

One Pennsylvania Plaza • New York, NY 10119-4798
(212) 330-1000 Office • (212) 695-4184 Fax
www.mellon.com

A Mellon Financial Company.SM

than March 1. We recommend that the Joint Board modify these requirements to permit any CPE credit hours completed between December 31 and the date the application for renewal is filed to be used to satisfy the CPE requirement for renewal of enrollment effective April 1. Of course, those CPE credits would not be permitted to be applied to another enrollment cycle. Also, actuaries who file applications for renewal after March 1 due to delayed completion of the CPE requirement, should be eligible to perform services as an EA 30 days after the application filing date unless notified otherwise by the Joint Board. This recommended change should reduce the need for individuals to request inactive retirement status and ensure a minimal period of disruption of actuarial services to plans and employers.

Item 2:

- We believe that the current regulations on CPE should be updated or revised to better accommodate programs delivered via various technologies (e.g., webcasts, computer-based programs, recorded programs). We suggest that the regulations provide that the existing requirement of attendance by at least three individuals (other than the qualified speaker(s)) engaged in substantive pension service at formal programs is satisfied in the case of programs viewed simultaneously at multiple locations via teleconference, webcast, conference call or other similar technology, if the total combined audience at all locations contains at least three such individuals.
- Under current regulations, the status of qualifying sponsor is in effect for one enrollment cycle. We believe that qualified sponsor renewal should be required less frequently than this. In addition, we believe that in order to permit more rapid processing of requests for renewal of qualified status, the renewal of qualified sponsor should not coincide with the renewal of EA status. Therefore, we suggest that the status of those sponsors qualified as of December 31, 2004 remain as qualified through December 31, 2005 and the period over which a sponsor remains qualified be extended to six years.

We anticipate that there should be some potential cost savings for EAs and program sponsors associated with these proposed regulatory or administrative changes and believe that small businesses would not be adversely affected.

We thank you for this opportunity to comment on these matters. We look forward to the opportunity to comment on proposed regulations that may be issued by the Joint Board in the future. If you have any questions concerning these comments, you can contact me at (212) 330-1224, or by <mailto:sher.l@mellon.com>.

Very truly yours,



Lawrence J. Sher, FSA, EA
Chief Actuary, Retirement Practice